

**Health and Senior Services Commissioner
Heather Howard
Testimony on American Recovery and Reinvestment Act (ARRA)
Assembly Health and Senior Services Committee
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Good Morning Chairman Conaway, Vice Chairwoman Wagner and distinguished members of the Assembly Health and Senior Services Committee.

I am pleased to be here this morning to discuss what Governor Jon Corzine and the Department of Health and Senior Services are doing to maximize funding available to New Jersey under the American Recovery and Reinvestment Act (ARRA).

Given the failing national economy and the dire state fiscal crisis, it is essential that we act quickly and aggressively to take full advantage of the federal stimulus package to help protect the most vulnerable residents of our state and to maintain our health care safety net.

Mr. Chairman, I want to commend you and this committee for being ahead of the curve when you convened a hearing last October to discuss the important safety net programs that the Department offers to help New Jersey residents who are struggling through this economic crisis.

Unfortunately, state revenues are plummeting. Unemployment has increased and is causing more families to apply for Medicaid and other safety net programs.

In addition, as medical costs rise, more businesses are reducing or eliminating coverage for their employees. Those workers—along with the newly unemployed—may lose their health insurance and will be forced to turn to Medicaid, FamilyCare, charity care, community health centers and other safety net programs.

In fact, we know that nationally, every 1 percent increase in unemployment results in 1.1 million more uninsured, and, that in turn results in an additional 1 million people—including 600,000 children—enrolling in Medicaid. And, as you know, before the recession an estimated 1.3 million New Jersey residents were uninsured.

So, it is reassuring to know that New Jersey has a true partner in health care in Washington. Last summer, both Governor Corzine and I both testified in Washington, D.C. about the need for federal stimulus funds. We talked specifically about the economic downturn and the stress on our health care system, and asked for a temporary increase in the Federal Medical Assistance Percentage, or FMAP.

The final stimulus package included \$2.2 billion in increased federal Medicaid matching funds. The state would receive this funding over 27 months, or three state fiscal years. It will help the state deal with increased demand for Medicaid and other health care

services. Given that the state spends \$9 billion a year on health care, this is critical funding and will help forestall the worst cuts.

As the Governor has said, not only do we have to seek every available federal dollar, but we also have to use the money we receive wisely. We have to be absolutely focused on transparency and accountability. That is why Governor Corzine appointed his chief of staff Ed McBride and state comptroller Matt Boxer to lead a group that will oversee the execution and implementation of the \$787 billion in American Recovery and Reinvestment Act funds in New Jersey.

During Congressional debate on the stimulus, the Governor engaged an internal working group to coordinate with our Congressional delegation. As a member of that group, I want to assure you that the Administration was actively working with the delegation to ensure that the final package benefited New Jersey.

Since its enactment, I have assembled a stimulus implementation work group at the Department, which is in touch with our federal partners and is working with our community health centers and other constituency groups to maximize opportunities for New Jersey.

Let me now discuss specific ways in which New Jersey will benefit from the stimulus. It is important to note that we are learning more and more every day as to specific formulas and the amount of funding New Jersey may be able to receive. Please know the below numbers are our best estimates of what New Jersey will likely receive at this moment in time.

As you may know, last week, the federal Health Resources Services Administration announced that two New Jersey community health centers will receive a total of \$2.6 million from the first installment in federal stimulus funds to provide health care to medically underserved residents.

The Center for Health, Education, Medicine and Dentistry in Lakewood and the Monmouth Family Health Center in Long Branch are among 126 health centers nationwide that will receive \$155 million in federal stimulus funds.

The funding is part of \$2 billion available for expansion of community health centers. New Jersey is well positioned to take full advantage of these dollars because the state has made such a significant investment in expansion over the past several years. For example, last month the Governor announced \$5 million in grants to help community health centers hire staff, extend hours and expand access to prenatal and primary care services. Priority for the funds was given to efforts to expand prenatal care.

We are already working with the NJ Primary Care Association to ensure that our centers receive the support they need to apply for this funding.

With respect to direct services for families, New Jersey expects to receive \$10.7 million in Early Intervention funding over the next 16 months to help with the growing costs of this important program for infants and toddlers with developmental delays or disabilities. We know that early services can improve a child's quality of life and reduce costs in the long run so this program is a wise investment even in tough financial times.

The numbers of children served in this program — especially given the increased incidence of autism — have grown exponentially and federal funding has not kept pace. Indeed, federal support represents only eight percent of the total costs of the program. So, again, this federal funding will help us maintain critical services.

In the area of senior services, New Jersey expects to receive an additional \$2.2 million in nutrition funds for seniors over two years if the existing formula remains the same. With the additional Meals on Wheels funding, the Department would be able to deliver more than 100,000 additional meals to thousands of seniors either at home or at nutrition sites, including community senior centers and subsidized housing. Currently, the programs deliver 6 million meals to 63,000 seniors each year in statewide. These vital programs help our seniors maintain their health and independence.

In the area of nutrition programs for low-income Women, Infants and Children (WIC), New Jersey expects to receive between \$12 million and \$15 million. Currently, 270,000 women and children receive WIC benefits and we have seen a monthly increase in enrollment of between 5 and 6 percent over the past year.

Over the past few months I visited WIC clinics in Camden, Newark and Sussex and I have seen first-hand what this program means to pregnant, breastfeeding and postpartum women and their children. These additional federal funds will help us keep up with increased demands and will prevent us from having to impose waiting lists.

In addition, we anticipate that several thousand more underinsured children could be immunized as a result of an additional \$5.6 million in funds for the Vaccine for Children (VFC) program. We anticipate receiving the above money if the CDC allocates the \$300 million in the stimulus under the current formula. More than 1,100 New Jersey physicians, local health departments and community health centers currently participate in the VFC program. We will be working with the Centers for Disease Control to apply for funding for this important program.

These have been some specific examples of how New Jersey benefits from the stimulus. There are other areas of funding for which the federal government is still developing application criteria but where the Department continues to strategize about how to maximize opportunities for our state.

For example, Mr. Chairman, we know that as a practicing physician who uses electronic medical records, health information technology has been a priority of yours for years. Fortunately, the Obama administration agrees that investing in health information technology will lower health care costs and reduce medical errors. As you know, the

stimulus plan includes \$19 billion in grants, loans and technical assistance programs that invest in health information technology.

The funding will include \$2 billion for Health Information Technology (HIT) planning activities, which may include states, and \$17 billion in grants to Medicaid and Medicare providers to purchase HIT systems.

In the first step, \$2 billion will be available to the Office of the National Coordinator for Health Information Technology and to states to plan, develop and pilot health information technology programs. We anticipate that our NJ Health Information Technology Commission at DHSS and the Office of Health Information Technology in the Department of Banking and Insurance may be eligible for funding. In addition, there may be opportunities to support health information technology costs at health care facilities statewide.

In order to take advantage of this funding, New Jersey is in the process of developing a health information technology plan. In the second step, a total of \$17 billion will be available in grants to Medicaid and Medicare providers. Hospitals and physicians would receive this funding through an add-on to their regular Medicare and/or Medicaid rates.

The stimulus also included \$700 million in prevention and wellness dollars, for which distribution parameters have not been set, but we are hoping to work with partners in New Jersey to apply for funding as appropriate. The stimulus also included a record \$11.1 billion investment in medical research funding that will be distributed by the National Institutes of Health. The Commission on Higher Education is working with our research institutions to ensure that they take advantage of this historic increase in research funding.

In summary, Mr. Chairman the federal stimulus funding presents a great opportunity not only to stimulate the economy of New Jersey but to target the urgent health care and social service needs created by this failing economy.

I want to again assure you and the members of this committee that Governor Corzine and the Department of Health and Senior Services are committed to maximizing every available federal dollar and ensuring that it is spent efficiently and appropriately.

Thank you again for this opportunity to testify.